

MARY ANN SMITH
Deputy Commissioner
Department of Business Oversight
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	ESCROW LICENSE NO. 963-2574
)	
THE COMMISSIONER OF BUSINESS)	STATEMENT OF FACTS IN SUPPORT OF
OVERSIGHT,)	ORDER REVOKING ESCROW AGENT'S
)	LICENSE UNDER FINANCIAL CODE
Complainant,)	SECTION 17207
)	
v.)	
)	
)	
KB ESCROW SERVICES, INC,)	
)	
Respondent.)	
)	
)	
)	

Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), is informed and believes, and based upon such information and belief, alleges and charges Respondent KB Escrow Services, Inc (KB Escrow) as follows:

I.

Jurisdiction and Venue

1. The Commissioner brings this action under the provisions of Financial Code section 17207 of the Escrow Law (Fin. Code, § 17000 et seq.) and the rules and regulations promulgated thereunder.

2. The Commissioner is authorized to administer and enforce the provisions of the Escrow Law and the rules issued under title 10 of the California Code of Regulations (CCR) that regulate the business and activities of independent escrow agents in the State of California.

II.

Statement of Facts

3. On or about May 30, 2018, the Commissioner sent notification by mail to KB Escrow of its annual license fee under Financial Code section 17207, subdivision (e)(1), specifically invoice number ES0344.

4. KB Escrow's annual assessment under invoice number ES0344 was due by June 30, 30 days after receipt of notification by the Commissioner.

5. KB Escrow has not paid the assessment as required under subdivision (e)(1) of Financial Code section 17207.

III.

Applicable Statutes

6. Financial Code section 17207 provides in pertinent part:

The commissioner shall charge and collect the following fees and assessments:

(e)(1) Each escrow agent shall pay to the commissioner for the support of this division for the ensuing year an annual license fee not to exceed two thousand eight hundred dollars (\$2,800) for each office or location.

(2) On or before May 30 in each year, the commissioner shall notify each escrow agent by mail of the amount of the annual license fee levied against it, and that the payment of the invoice is payable by the escrow agent within 30 days after receipt of notification by the commissioner.

(3) If payment is not made within 30 days, the commissioner may assess and collect a penalty, in addition to the annual license fee, of 10 percent of the fee for each month or part of a month that the payment is delayed or withheld.

(4) If an escrow agent fails to pay the amount due on or before the June 30 following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company.

(5) If, after an order is made pursuant to paragraph (4), a request for a hearing is filed in writing and a hearing is not held within 60 days thereafter, the order is deemed rescinded as of its effective date. During any period when its certificate is revoked or suspended, a company shall not conduct business pursuant to this division, except as may be permitted by order of the commissioner. However, the revocation, suspension, or surrender of a certificate shall not affect the powers of the commissioner as provided in this division.

(f) Fifty dollars (\$50) for investigation services in connection with each application for qualification of any person under Section 17200.8, other than investigation services under subdivision (c) of this section.

(g) A fee not to exceed twenty-five dollars (\$25) for the filing of a notice or report required by rules adopted pursuant to subdivision (a) or Section 17203.1.

(h)(1) If costs and expenses associated with the enforcement of this division, including overhead, are or will be incurred by the commissioner during the year for which the annual license fee is levied, and that will or could result in the commissioner's incurring of costs and expenses, including overhead, in excess of the costs and expenses, including overhead, budgeted for expenditure for the year in which the annual license fee is levied, then the commissioner may levy a special assessment on each escrow agent for each office or location in an amount estimated to pay for the actual costs and expenses associated with the enforcement of this division, including overhead, in an amount not to exceed one thousand dollars (\$1,000) for each office or location. The commissioner shall notify each escrow agent by mail of the amount of the special assessment levied against it, and that payment of the special assessment is payable by the escrow agent within 60 days of receipt of notification by the commissioner. The funds received from the special assessment shall be deposited into the State Corporations Fund and shall be used only for the purposes for which the special assessment is made.

(2) If payment is not made within 60 days, the commissioner may assess and collect a penalty, in addition to the special assessment, of 10 percent of the special assessment for each month or part of a month that the payment is delayed or withheld. If an escrow agent fails to pay the

special assessment on or before 60 days following the day upon which payment is due, the commissioner may by order summarily suspend or revoke the certificate issued to the company. If an order is made under this subdivision, the provisions of paragraph (5) of subdivision (e) shall apply.

(3) If the amount collected pursuant to this subdivision exceeds the actual costs and expenses, including overhead, incurred in the administration and enforcement of this division and any deficit incurred, the excess shall be credited to each escrow agent on a pro rata basis.

IV.

Order Revoking Escrow Agent's License (For violations of Financial Code section 17207)

7. The Commissioner realleges and reincorporates by reference paragraphs 1. through 6. of this Statement of Facts in Support of Order Revoking Escrow Agent's License as though fully set forth herein.

8. Financial Code section 17207, subdivision (e)(4), authorizes the Commissioner to issue an order to summarily suspend or revoke the license issued to the company, if an escrow agent fails to pay the amount due on or before the June 30 following the day upon which payment is due.

9. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1. through 6., KB Escrow has failed to pay its annual assessment that was due to the Commissioner by June 30.

1 WHEREFORE, good cause showing, and under Financial Code section 17207, subdivision
2 (e)(4), the Commissioner prays for an order revoking the escrow agent's license issued to KB Escrow
3 unless the company pays its annual assessment plus a penalty of ten percent of the fee for each month
4 or part of a month that the payment is delayed or withheld. KB Escrow's payment must be received
5 in good funds to the Department of Business Oversight Accounting Office located at 1515 K Street,
6 Suite 200, Sacramento, California 95814-4052, no later than the close of business on October 8,
7 2018. In the event the Revocation Order is issued, KB Escrow will be ordered and directed to
8 immediately discontinue the acceptance or processing of any escrow or joint control business, and the
9 taking of any money, documents, or other property.

10 Dated: September 17, 2018
11 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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14 By _____
15 PAUL LIANG
16 Special Administrator
17 Escrow Law
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